

**SALES AND USE TAX REVIEW COMMISSION  
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:**

S-2498

**DATE OF INTRODUCTION:**

January 25, 2007

**SPONSOR:**

Senator Ciesla

**DATE OF RECOMMENDATION:**

June 28, 2007

**IDENTICAL BILL:**

A-3961

**COMMITTEE:**

Senate Environmental Committee

**DESCRIPTION:**

The Bill provides for an exemption from sales and use tax imposition for membership fees and dues of certain golf clubs and organizations.

**ANALYSIS:**

The New Jersey Sales and Use Tax Act was recently amended to impose tax on "initiation fees, membership fees or dues for access to or use of the property of facilities of a health and fitness, athletic, sporting or shopping club or organization in this State, except from membership in a club or organization whose members are predominantly age 18 or under."

This proposal intends to create an exemption from the imposition of sales tax for these fees when charged by nonprofit golf club or organization that holds a Division approved Exempt Organization Certificate (Form ST-5) and that restricts membership to residents of age-restricted housing communities as defined by the Bill.

The Commission supports the current exemption on purchases made by these organizations. However, as these services are in direct competition with local businesses and the tax is not directly imposed upon the nonprofit association but rather its customer base, the Commission does not support this initiative.

Further, this area of imposition has just recently been enacted and effective as of October 1, 2006. This area is a new revenue source for the State. The Commission has not been presented with any compelling reason to support an effort to chip away at this new tax base.

**RECOMMENDATION:**

The Commission does not recommend enactment of this Bill.

**COMMISSION MEMBERS FOR PROPOSAL: 0**

**COMMISSION MEMBERS AGAINST PROPOSAL: 8**

**COMMISSION MEMBERS ABSTAINING: 0**